TERADATA CORPORATION
(in millions, except per share amounts - unaudited)

	2021					2022					2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	YTD
Revenue													
Recurring	$ 372	$ 376	$ 352	$ 364	$ 1,464	$ 386	$ 345	$ 331	$ 357	$ 1,419	$ 389	$ 371	$ 760
Growth Rate as Reported	20%	16%	7%	5%	12%	4%	(8%)	(6%)	(2%)	(3%)	1%	8%	4%
Growth Rate Constant Currency (non-GAAP)*	17%	13%	6%	6%	11%	6%	(5%)	(2%)	0%	0%	4%	10%	7%
Perpetual software licenses, hardware and other	23	17	18	19	77	26	8	14	17	65	13	13	26
Growth Rate as Reported	0%	(32%)	(28%)	(44%)	(28%)	13%	(53%)	(22%)	(11%)	(16%)	(50%)	63%	(24%)
Growth Rate Constant Currency (non-GAAP)*	(2%)	(32%)	(29%)	(43%)	(28%)	17%	(50%)	(22%)	0%	0%	(43%)	61%	(18%)
Consulting services	96	98	90	92	376	84	77	72	78	311	74	78	152
Growth Rate as Reported	(4%)	(10%)	(10%)	(17%)	(10%)	(13%)	(21%)	(20%)	(15%)	(17%)	(12%)	1%	(6%)
Growth Rate Constant Currency (non-GAAP)*	(8%)	(14%)	(10%)	(16%)	(12%)	(9%)	(16%)	(12%)	0%	0%	(5%)	5%	0%
Total revenue	**491**	**491**	**460**	**475**	**1,917**	**496**	**430**	**417**	**452**	**1,795**	**476**	**462**	**938**
Growth Rate as Reported	13%	7%	1%	(3%)	4%	1%	(12%)	(9%)	(5%)	(6%)	(4%)	7%	1%
Growth Rate Constant Currency (non-GAAP)*	10%	4%	1%	(2%)	3%	4%	(8%)	(4%)	0%	0%	0%	10%	5%
Gross profit													
Recurring	282	289	257	271	1,099	281	249	239	253	1,022	291	264	555
% of Revenue	75.8%	76.9%	73.0%	74.5%	75.1%	72.8%	72.2%	72.2%	70.9%	72.0%	74.8%	71.2%	73.0%
Perpetual software licenses, hardware and other	12	6	7	9	34	8	2	4	4	18	2	1	3
% of Revenue	52.2%	35.3%	38.9%	47.4%	44.2%	30.8%	25.0%	28.6%	23.5%	27.7%	15.4%	7.7%	11.5%
Consulting services	13	15	11	14	53	12	7	16	6	41	9	11	20
% of Revenue	13.5%	15.3%	12.2%	15.2%	14.1%	14.3%	9.1%	22.2%	7.7%	13.2%	12.2%	14.1%	13.2%
Total gross profit	**307**	**310**	**275**	**294**	**1,186**	**301**	**258**	**259**	**263**	**1,081**	**302**	**276**	**578**
% of Revenue	62.5%	63.1%	59.8%	61.9%	61.9%	60.7%	60.0%	62.1%	58.2%	60.2%	63.4%	59.7%	61.6%
Selling, general and administrative expenses	149	161	166	170	646	157	163	155	175	650	153	167	320
Research and development expenses	77	79	79	74	309	76	81	79	77	313	70	76	146
Total operating expense	226	240	245	244	955	233	244	234	252	963	223	243	466
% of Revenue	46.0%	48.9%	53.3%	51.4%	49.8%	47.0%	56.7%	56.1%	55.8%	53.6%	46.8%	52.6%	49.7%
Income from operations	**81**	**70**	**30**	**50**	**231**	**68**	**14**	**25**	**11**	**118**	**79**	**33**	**112**
% of Revenue	16.5%	14.3%	6.5%	10.5%	12.1%	13.7%	3.3%	6.0%	2.4%	6.6%	16.6%	7.1%	11.9%
Other expense, net	(9)	(11)	(11)	(8)	(39)	(13)	(14)	(15)	(9)	(51)	(21)	(9)	(30)
Income before income taxes	72	59	19	42	192	55	-	10	2	67	58	24	82
Income tax expense	19	15	2	9	45	19	4	2	9	34	18	7	25
% Income tax	26.4%	25.4%	10.5%	21.4%	23.4%	34.5%	972.0%	20.0%	450.0%	50.7%	31.0%	29.2%	30.5%
Net income (loss)	$ 53	$ 44	$ 17	$ 33	$ 147	$ 36	$ (4)	$ 8	$ (7)	$ 33	$ 40	$ 17	$ 57
% of Revenue	10.8%	9.0%	3.7%	6.9%	7.7%	7.3%	(0.9%)	1.9%	(1.5%)	1.8%	8.4%	3.7%	6.1%
Net income (loss) per common share**													
Basic	$ 0.49	$ 0.40	$ 0.16	$ 0.31	$ 1.35	$ 0.34	$ (0.04)	$ 0.08	$ (0.07)	$ 0.32	$ 0.39	$ 0.17	$ 0.56
Diluted	$ 0.47	$ 0.39	$ 0.15	$ 0.29	$ 1.30	$ 0.33	$ (0.04)	$ 0.08	$ (0.07)	$ 0.31	$ 0.39	$ 0.17	$ 0.55
Weighted average common shares outstanding													
Basic	108.7	109.0	108.9	107.7	108.6	105.0	103.5	102.7	101.6	103.2	101.4	101.0	101.2
Diluted	112.8	112.7	113.4	112.2	112.9	108.6	103.5	104.7	101.6	105.8	103.8	102.9	103.3
Stock-based compensation expense (after-tax)	$ (15)	$ (27)	$ (23)	$ (28)	$ (93)	$ (21)	$ (27)	$ (23)	$ (32)	$ (103)	$ (22)	$ (30)	$ (52)
Special items (after-tax) (see Notes)	$ (10)	$ (12)	$ (9)	$ (3)	$ (34)	$ (14)	$ (12)	$ (1)	$ (11)	$ (38)	$ (1)	$ (2)	$ (3)
Net income (Non-GAAP)*	**$ 78**	**$ 83**	**$ 49**	**$ 64**	**$ 274**	**$ 71**	**$ 35**	**$ 32**	**$ 36**	**$ 174**	**$ 63**	**$ 49**	**$ 112**
Non-GAAP Diluted EPS*	**$ 0.69**	**$ 0.74**	**$ 0.43**	**$ 0.57**	**$ 2.43**	**$ 0.65**	**$ 0.33**	**$ 0.31**	**$ 0.35**	**$ 1.64**	**$ 0.61**	**$ 0.48**	**$ 1.08**

Notes

Q1 2021 - $1 million ($1 million after-tax) for amortization of acquired intangible assets, $4 million ($3 million after-tax) for integration and transformation activities, and $8 million ($6 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.
Q2 2021 - $1 million ($1 million after-tax) for amortization of acquired intangible assets, $9 million ($6 million after-tax) for integration and transformation activities, and $6 million ($5 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.
Q3 2021 - $1 million ($1 million after-tax) for amortization of acquired intangible assets, $4 million ($3 million after-tax) for integration and transformation activities, $9 million ($7 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018 and $2 million tax impact for CARES Act true up.
Q4 2021 - $1 million ($1 million after-tax) for amortization of acquired intangible assets, $2 million ($1 million after-tax) for integration and transformation activities, and $3 million ($1 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.
Q1 2022 - $1 million ($1 million after-tax) for amortization of acquired intangible assets, $15 million ($13 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia.
Q2 2022 - $1 million ($1 million after-tax) for amortization of acquired intangible assets, $8 million ($11 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.
Q3 2022 - $2 million ($1 million after-tax) for reorganization and transformation activities.
Q4 2022 - $15 million ($11 million after-tax) for reorganization and transformation activities.
Q1 2023 - $1 million ($1 million after-tax) for reorganization and transformation activities.
Q2 2023 - $4 million ($2 million after-tax) for reorganization and transformation activities.

* While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measurements may be used to reflect operational performance. Certain special items may be segregated from our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the Company. Similarly constant currency growth rate for revenues eliminates the foreign exchange rate fluctuations. Although non-GAAP measures should not be used as a substitute for, or superior to, the Company's reported GAAP results, Teradata uses non-GAAP measures to manage and determine the effectiveness of its business management.

** Net income per share in each quarter is computed using the weighted-average number of shares outstanding during that quarter while net income per share for the full year is computed using the weighted-average number of shares outstanding during the year. Thus the sum of the four quarters' net income per share does not necessarily equal the full-year net income per share.

TERADATA CORPORATION
HISTORICAL NON-GAAP (Excluding Software Capitalization and Reflecting the Impact of Special Items) - Supplemental schedule**
(Unaudited)
(in millions, except per share amounts - unaudited)

	2021					2022					2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	YTD
Revenue (non-GAAP)													
Recurring	$ 372	$ 376	$ 352	$ 364	$ 1,464	$ 386	$ 345	$ 331	$ 357	$ 1,419	$ 389	$ 371	$ 760
Growth Rate as Reported	20%	16%	7%	5%	12%	4%	(8%)	(6%)	(2%)	(3%)	1%	8%	4%
Growth Rate Constant Currency (non-GAAP)*	17%	13%	6%	6%	11%	6%	(5%)	(2%)	3%	1%	4%	10%	7%
Perpetual software licenses, hardware and other	23	17	18	19	77	26	8	14	17	65	13	13	26
Growth Rate as Reported	0%	(32%)	(28%)	(44%)	(28%)	13%	(53%)	(22%)	(11%)	(16%)	(50%)	63%	(24%)
Growth Rate Constant Currency (non-GAAP)*	(2%)	(32%)	(29%)	(43%)	(28%)	17%	(50%)	(22%)	(4%)	(12%)	(43%)	61%	(18%)
Consulting services	96	98	90	92	376	84	77	72	78	311	74	78	152
Growth Rate as Reported	(4%)	(10%)	(10%)	(17%)	(10%)	(13%)	(21%)	(20%)	(15%)	(17%)	(12%)	1%	(6%)
Growth Rate Constant Currency (non-GAAP)*	(8%)	(14%)	(10%)	(16%)	(12%)	(9%)	(16%)	(12%)	(7%)	(11%)	(5%)	5%	0%
Total revenue	**491**	**491**	**460**	**475**	**1,917**	**496**	**430**	**417**	**452**	**1,795**	**476**	**462**	**938**
Growth Rate as Reported	13%	7%	1%	(3%)	4%	1%	(12%)	(9%)	(5%)	(6%)	(4%)	7%	1%
Growth Rate Constant Currency (non-GAAP)*	10%	4%	1%	(2%)	3%	4%	(8%)	(4%)	0%	(2%)	0%	10%	5%
Gross profit (non-GAAP)													
Recurring	286	294	262	275	1,117	290	251	241	255	1,037	293	266	559
% of Revenue	76.9%	78.2%	74.4%	75.5%	76.3%	75.1%	72.8%	72.8%	71.4%	73.1%	75.3%	71.7%	73.6%
Perpetual software licenses, hardware and other	12	6	7	9	34	9	1	4	5	19	2	1	3
% of Revenue	52.2%	35.3%	38.9%	47.4%	44.2%	34.6%	12.5%	28.6%	29.4%	29.2%	15.4%	7.7%	11.5%
Consulting services	17	18	13	16	64	13	11	16	9	49	11	13	24
% of Revenue	17.7%	18.4%	14.4%	17.4%	17.0%	15.5%	14.3%	22.2%	11.5%	15.8%	14.9%	16.7%	15.8%
Total gross profit (non-GAAP)	**315**	**318**	**282**	**300**	**1,215**	**312**	**263**	**261**	**269**	**1,105**	**306**	**280**	**586**
% of Revenue	64.2%	64.8%	61.3%	63.2%	63.4%	62.9%	61.2%	62.6%	59.5%	61.6%	64.3%	60.6%	62.5%
Selling, general and administrative expenses	130	132	139	144	545	129	136	135	145	545	134	141	275
Research and development expenses	70	69	72	66	277	68	72	72	62	274	64	67	131
Total operating expense (non-GAAP)	200	201	211	210	822	197	208	207	207	819	198	208	406
% of Revenue	40.7%	40.9%	45.9%	44.2%	42.9%	39.7%	48.4%	49.6%	45.8%	45.6%	41.6%	45.0%	43.3%
Income from operations (non-GAAP)	**115**	**117**	**71**	**90**	**393**	**115**	**55**	**54**	**62**	**286**	**108**	**72**	**180**
% of Revenue	23.4%	23.8%	15.4%	18.9%	20.5%	23.2%	12.8%	12.9%	13.7%	15.9%	22.7%	15.6%	19.2%
Other expense, net	(9)	(11)	(11)	(9)	(40)	(13)	(14)	(15)	(9)	(51)	(21)	(9)	(30)
Income before income taxes (non-GAAP)	106	106	60	81	353	102	41	39	53	235	87	63	150
Income tax expense (benefit)	28	23	11	17	79	31	6	7	17	61	24	14	38
% Income tax	26.4%	21.7%	18.3%	21.0%	22.4%	30.4%	14.6%	17.9%	32.1%	26.0%	27.6%	22.2%	25.3%
Net income (non-GAAP)**	**$ 78**	**$ 83**	**$ 49**	**$ 64**	**$ 274**	**$ 71**	**$ 35**	**$ 32**	**$ 36**	**$ 174**	**$ 63**	**$ 49**	**$ 112**
% of Revenue	15.9%	16.9%	10.7%	13.5%	14.3%	14.3%	8.1%	7.7%	8.0%	9.7%	13.2%	10.6%	11.9%
Net income per common share (non-GAAP)***													
Basic	$ 0.72	$ 0.76	$ 0.45	$ 0.59	$ 2.52	$ 0.68	$ 0.34	$ 0.31	$ 0.35	$ 1.69	$ 0.62	$ 0.49	$ 1.11
Diluted	**$ 0.69**	**$ 0.74**	**$ 0.43**	**$ 0.57**	**$ 2.43**	**$ 0.65**	**$ 0.33**	**$ 0.31**	**$ 0.35**	**$ 1.64**	**$ 0.61**	**$ 0.48**	**$ 1.08**
Weighted average common shares outstanding													
Basic	108.7	109.0	108.9	107.7	108.6	105.0	103.5	102.7	101.6	103.2	101.4	101.0	101.2
Diluted	112.8	112.7	113.4	112.2	112.9	108.6	105.6	104.7	103.7	105.8	103.8	102.9	103.3

* The impact of currency is determined by calculating the prior period results using the current-period monthly average currency rates.
** While Teradata reports its results using GAAP, certain non-GAAP financial measures may be used to reflect operational performance.
These non-GAAP measures may exclude the impact of stock compensation expense and certain special items, which are used to support our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the Company.
Although non-GAAP measures should not be used in isolation or as a substitute for, or superior to, the Company's reported GAAP results, and should be read only in conjunction with our condensed consolidated financial statements prepared in accordance with GAAP.
Teradata uses non-GAAP measures to manage and determine the effectiveness of its business management.
A reconciliation of Teradata's GAAP results to these non-GAAP financial measures for each period included in this summary is found in the supplemental appendices hereto.
*** Net income per share in each quarter is computed using the weighted-average number of shares outstanding during that quarter while net income per share for the full year is computed using the weighted-average number of shares outstanding during the year. Thus the sum of the four quarters' net income per share does not necessarily equal the full-year net income per share.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended June 30

	2023				2022				
	GAAP	Stock-based Compensation Expense	Other Special Items [2]	Non-GAAP [1]	**GAAP**	Stock-based Compensation Expense	Other Special Items [3]	Non-GAAP [1]	% Change Non-GAAP Yr/Yr
Revenue									
Recurring	**$ 371**	$ -	$ -	$ 371	**$ 345**	$ -	$ -	$ 345	8%
Perpetual software licenses, hardware and other	**13**	-	-	13	**8**	-	-	8	63%
Consulting services	**78**	-	-	78	**77**	-	-	77	1%
Total revenue	**462**	-	-	462	**430**	-	-	430	7%
Gross profit									
Recurring	**264**	(2)	-	266	**249**	(2)	-	251	6%
% of Revenue	**71.2%**			71.7%	**72.2%**			72.8%	
Perpetual software licenses, hardware and other	**1**	-	-	1	**2**	-	1	1	0%
% of Revenue	**7.7%**			7.7%	**25.0%**			12.5%	
Consulting services	**11**	(2)	-	13	**7**	(2)	(2)	11	18%
% of Revenue	**14.1%**			16.7%	**9.1%**			14.3%	
Total gross profit	**276**	(4)	-	280	**258**	(4)	(1)	263	6%
% of Revenue	**59.7%**			60.6%	**60.0%**			61.2%	
Selling, general and administrative expenses	**167**	23	3	141	**163**	21	6	136	4%
Research and development expenses	**76**	8	1	67	**81**	7	2	72	-7%
Total expenses	**243**	31	4	208	**244**	28	8	208	0%
% of Revenue	**52.6%**			45.0%	**56.7%**			48.4%	
Income from operations	**33**	(35)	(4)	72	**14**	(32)	(9)	55	31%
% of Revenue	**7.1%**			15.6%	**3.3%**			12.8%	
Other expense, net	**(9)**	-	-	(9)	**(14)**	-	-	(14)	
Income before income taxes	**24**	(35)	(4)	63	**-**	(32)	(9)	41	54%
Income tax expense	**7**	(5)	(2)	14	**4**	(5)	3	6	
% Tax rate	**29.2%**			22.2%	**972.0%**			14.6%	
Net income (loss)	**$ 17**	$ (30)	$ (2)	$ 49	**$ (4)**	$ (27)	$ (12)	$ 35	40%
% of Revenue	**3.7%**			10.6%	**(0.9%)**			8.1%	
Net income (loss) per common share									
Basic	**$ 0.17**	$ (0.30)	$ (0.02)	$ 0.49	**$ (0.04)**	$ (0.26)	$ (0.12)	$ 0.34	43%
Diluted	**$ 0.17**	$ (0.29)	$ (0.02)	$ 0.48	**$ (0.04)**	$ (0.26)	$ (0.12)	$ 0.33	44%
Weighted average common shares outstanding									
Basic	**101.0**			101.0	**103.5**			103.5	
Diluted	**102.9**			102.9	**103.5**			105.6	

1) While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measures may be used to reflect operational performance and to determine the effectiveness of its business management. Certain special items may be segregated from our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the Company. Non-GAAP measures should not be used as a substitute for, or superior to, the Company's reported GAAP results.
2) Special items for the three months ended June 30, 2023 include $4 million ($2 million after-tax) for reorganization and transformation activities.
3) Special items for the three months ended June 30, 2022 include $1 million ($1 million after-tax) for amortization of acquired intangible assets, and $8 million ($11 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Six Months Ended June 30

	2023				2022				
	GAAP	Stock-based Compensation Expense	Other Special Items [2]	Non-GAAP [1]	**GAAP**	Stock-based Compensation Expense	Other Special Items [3]	Non-GAAP [1]	% Change Non-GAAP Yr/Yr
Revenue									
Recurring	**$ 760**	$ -	$ -	$ 760	**$ 731**	$ -	$ -	$ 731	4%
Perpetual software licenses and hardware	**26**	-	-	26	**34**	-	-	34	-24%
Consulting services	**152**	-	-	152	**161**	-	-	161	-6%
Total revenue	**938**	**-**	-	938	**926**	**-**	-	926	1%
Gross profit									
Recurring	**555**	(4)	-	559	**530**	(5)	(6)	541	3%
% of Revenue	**73.0%**			73.6%	**72.5%**			74.0%	
Perpetual software licenses and hardware	**3**	-	-	3	**10**	-	-	10	-70%
% of Revenue	**11.5%**			11.5%	**29.4%**			29.4%	
Consulting services	**20**	(4)	-	24	**19**	(4)	(1)	24	0%
% of Revenue	**13.2%**			15.8%	**11.8%**			14.9%	
Total gross profit	**578**	(8)	-	586	**559**	(9)	(7)	575	2%
% of Revenue	**61.6%**			62.5%	**60.4%**			62.1%	
Selling, general and administrative expenses	**320**	41	4	275	**320**	40	15	265	4%
Research and development expenses	**146**	14	1	131	**157**	14	3	140	-6%
Total expenses	**466**	55	5	406	**477**	54	18	405	0%
% of Revenue	**49.7%**			43.3%	**51.5%**			43.7%	
Income from operations	**112**	(63)	(5)	180	**82**	(63)	(25)	170	6%
% of Revenue	**11.9%**			19.2%	**8.9%**			18.4%	
Other expense, net	**(30)**	-	-	(30)	**(27)**	-	-	(27)	
Income before income taxes	**82**	(63)	(5)	150	**55**	(63)	(25)	143	5%
Income tax expense	**25**	(11)	(2)	38	**23**	(15)	1	37	
% Tax rate	**30.5%**			25.3%	**41.8%**			25.9%	
Net income	**$ 57**	$ (52)	$ (3)	$ 112	**$ 32**	$ (48)	$ (26)	$ 106	6%
% of Revenue	**6.1%**			11.9%	**3.5%**			11.4%	
Net income per common share									
Basic	**$ 0.56**	$ (0.51)	$ (0.03)	$ 1.11	**$ 0.31**	$ (0.46)	$ (0.25)	$ 1.02	9%
Diluted	**$ 0.55**	$ (0.50)	$ (0.03)	$ 1.08	**$ 0.30**	$ (0.45)	$ (0.25)	$ 0.99	10%
Weighted average common shares outstanding									
Basic	**101.2**			101.2	**104.2**			104.2	
Diluted	**103.3**			103.3	**107.1**			107.1	

1) While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measures may be used to reflect operational performance and to determine the effectiveness of its business management. Certain special items may be segregated from our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the Company. Non-GAAP measures should not be used as a substitute for, or superior to, the Company's reported GAAP results.
2) Special items for the six months ended June 30, 2023 include $5 million ($3 million after-tax) for reorganization and transformation activities.
3) Special items for the six months ended June 30, 2022 include $2 million ($2 million after-tax) for amortization of acquired intangible assets, and $23 million ($24 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.

Teradata calculates free cash flow, a non-GAAP financial measure, as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Net income (GAAP)	$ 17	$ (4)	$ 57	$ 32
Net cash provided by operating activities (GAAP)	**$ 49**	**$ 105**	**$ 158**	**$ 256**
Less capital expenditures for:				
Expenditures for property and equipment	(2)	(2)	(6)	(3)
Additions to capitalized software	(1)	(1)	(1)	(1)
Free Cash Flow (non-GAAP measure) [1]	**$ 46**	**$ 102**	**$ 151**	**$ 252**

Note 1: Free cash flow does not have a uniform definition under generally accepted accounting principles in the United States (GAAP) and therefore, Teradata's definition may differ from other companies' definitions of this measure. Teradata's management uses free cash flow to assess the financial performance of the Company and believes it is useful for investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for among other things, investments in the company's existing businesses, strategic acquisitions, strengthening the Company's balance sheet, repurchase of Company stock and repay the Company's debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other non-discretionary expenditures that are not deducted from the measure. This non-GAAP measure should not be considered as a substitute for, or superior to, cash flows from operating activities under GAAP.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended March 31

	2023				2022				
	GAAP	Stock-based Compensation Expense	Other Special Items [2]	Non-GAAP [1]	**GAAP**	Stock-based Compensation Expense	Other Special Items [3]	Non-GAAP [1]	% Change Non-GAAP Yr/Yr
Revenue									
Recurring	**$ 389**	$ -	$ -	$ 389	**$ 386**	$ -	$ -	$ 386	1%
Perpetual software licenses, hardware and other	**13**	-	-	13	**26**	-	-	26	-50%
Consulting services	**74**	-	-	74	**84**	-	-	84	-12%
Total revenue	**476**	-	-	476	**496**	-	-	496	-4%
Gross profit									
Recurring	**291**	(2)	-	293	**281**	(3)	(6)	290	1%
% of Revenue	**74.8%**			75.3%	**72.8%**			75.1%	
Perpetual software licenses, hardware and other	**2**	-	-	2	**8**	-	(1)	9	-78%
% of Revenue	**15.4%**			15.4%	**30.8%**			34.6%	
Consulting services	**9**	(2)	-	11	**12**	(2)	1	13	-15%
% of Revenue	**12.2%**			14.9%	**14.3%**			15.5%	
Total gross profit	**302**	(4)	-	306	**301**	(5)	(6)	312	-2%
% of Revenue	**63.4%**			64.3%	**60.7%**			62.9%	
Selling, general and administrative expenses	**153**	18	1	134	**157**	19	9	129	4%
Research and development expenses	**70**	6	-	64	**76**	7	1	68	-6%
Total expenses	**223**	24	1	198	**233**	26	10	197	1%
% of Revenue	**46.8%**			41.6%	**47.0%**			39.7%	
Income from operations	**79**	(28)	(1)	108	**68**	(31)	(16)	115	-6%
% of Revenue	**16.6%**			22.7%	**13.7%**			23.2%	
Other expense, net	**(21)**	-	-	(21)	**(13)**	-	-	(13)	
Income before income taxes	**58**	(28)	(1)	87	**55**	(31)	(16)	102	-15%
Income tax expense	**18**	(6)	-	24	**19**	(10)	(2)	31	
% Tax rate	**31.0%**			27.6%	**34.5%**			30.4%	
Net income	**$ 40**	$ (22)	$ (1)	$ 63	**$ 36**	$ (21)	$ (14)	$ 71	-11%
% of Revenue	**8.4%**			13.2%	**7.3%**			14.3%	
Net income per common share									
Basic	**$ 0.39**	$ (0.22)	$ (0.01)	$ 0.62	**$ 0.34**	$ (0.20)	$ (0.13)	$ 0.68	-8%
Diluted	**$ 0.39**	$ (0.21)	$ (0.01)	$ 0.61	**$ 0.33**	$ (0.19)	$ (0.13)	$ 0.65	-7%
Weighted average common shares outstanding									
Basic	**101.4**			101.4	**105.0**			105.0	
Diluted	**103.8**			103.8	**108.6**			108.6	

1) While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measures may be used to reflect operational performance and to determine the effectiveness of its business management. Certain special items may be segregated from our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the Company. Non-GAAP measures should not be used as a substitute for, or superior to, the Company's reported GAAP results.
2) Special items for the three months ended March 31, 2023 include $1 million ($1 million after-tax) for reorganization and transformation activities.
3) Special items for the three months ended March 31, 2022 include $1 million ($1 million after-tax) for amortization of acquired intangible assets, and $15 million ($13 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia.

Teradata calculates free cash flow, a non-GAAP financial measure, as follows:

	Three Months Ended March 31		Three Months Ended March 31	
	2023	2022	2023	2022
Net income (GAAP)	$ 40	$ 36	$ 40	$ 36
Net cash provided by operating activities (GAAP)	**$ 109**	**$ 151**	**$ 109**	**$ 151**
Less capital expenditures for:				
Expenditures for property and equipment	(4)	(1)	(4)	(1)
Additions to capitalized software	-	-	-	-
Free Cash Flow (non-GAAP measure) [1]	**$ 105**	**$ 150**	**$ 105**	**$ 150**

Note 1: Free cash flow does not have a uniform definition under generally accepted accounting principles in the United States (GAAP) and therefore, Teradata's definition may differ from other companies' definitions of this measure. Teradata's management uses free cash flow to assess the financial performance of the Company and believes it is useful for investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for among other things, investments in the company's existing businesses, strategic acquisitions, strengthening the Company's balance sheet, repurchase of Company stock and repay the Company's debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other non-discretionary expenditures that are not deducted from the measure. This non-GAAP measure should not be considered as a substitute for, or superior to, cash flows from operating activities under GAAP.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended December 31

	2022				2021				
	GAAP	Stock-based Compensation Expense	Other Special Items [2]	Non-GAAP [1]	**GAAP**	Stock-based Compensation Expense	Other Special Items [3]	Non-GAAP [1]	% Change Non-GAAP Yr/Yr
Revenue									
Recurring	**$ 357**	$ -	$ -	$ 357	**$ 364**	$ -	$ -	$ 364	-2%
Perpetual software licenses, hardware and other	**17**	-	-	17	**19**	-	-	19	-11%
Consulting services	**78**	-	-	78	**92**	-	-	92	-15%
Total revenue	**452**	-	-	452	**475**	-	-	475	-5%
Gross profit									
Recurring	**253**	(2)	-	255	**271**	(4)	-	275	-7%
% of Revenue	**70.9%**			71.4%	**74.5%**			75.5%	
Perpetual software licenses, hardware and other	**4**	-	(1)	5	**9**	-	-	9	-44%
% of Revenue	**23.5%**			29.4%	**47.4%**			47.4%	
Consulting services	**6**	(2)	(1)	9	**14**	(2)	-	16	-44%
% of Revenue	**7.7%**			11.5%	**15.2%**			17.4%	
Total gross profit	**263**	(4)	(2)	269	**294**	(6)	-	300	-10%
% of Revenue	**58.2%**			59.5%	**61.9%**			63.2%	
Selling, general and administrative expenses	**175**	24	6	145	**170**	20	6	144	1%
Research and development expenses	**77**	8	7	62	**74**	7	1	66	-6%
Total expenses	**252**	32	13	207	**244**	27	7	210	-1%
% of Revenue	**55.8%**			45.8%	**51.4%**			44.2%	
Income from operations	**11**	(36)	(15)	62	**50**	(33)	(7)	90	-31%
% of Revenue	**2.4%**			13.7%	**10.5%**			18.9%	
Other expense, net	**(9)**	-	-	(9)	**(8)**	-	1	(9)	
Income before income taxes	**2**	(36)	(15)	53	**42**	(33)	(6)	81	-35%
Income tax expense	**9**	(4)	(4)	17	**9**	(5)	(3)	17	
% Tax rate	**450.0%**			32.1%	**21.4%**			21.0%	
Net income	**$ (7)**	$ (32)	$ (11)	$ 36	**$ 33**	$ (28)	$ (3)	$ 64	-44%
% of Revenue	**(1.5%)**			8.0%	**6.9%**			13.5%	
Net income per common share									
Basic	**$ (0.07)**	$ (0.31)	$ (0.11)	$ 0.35	**$ 0.31**	$ (0.26)	$ (0.02)	$ 0.59	-40%
Diluted	**$ (0.07)**	$ (0.31)	$ (0.11)	$ 0.35	**$ 0.29**	$ (0.25)	$ (0.03)	$ 0.57	-39%
Weighted average common shares outstanding									
Basic	**101.6**			101.6	**107.7**			107.7	
Diluted	**101.6**			103.7	**112.2**			112.2	

1) While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measures may be used to reflect operational performance and to determine the effectiveness of its business management. Certain special items may be segregated from our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the Company. Non-GAAP measures should not be used as a substitute for, or superior to, the Company's reported GAAP results.
2) Special items for the three months ended December 31, 2022 include $15 million ($11 million after-tax) for reorganization and transformation activities.
3) Special items for the three months ended December 31, 2021 include $1 million ($1 million after-tax) for amortization of acquired intangible assets, $2 million ($1 million after-tax) for integration and transformation activities, and $3 million ($1 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Twelve Months Ended December 31

	2022				2021				
	GAAP	Stock-based Compensation Expense	Other Special Items [2]	Non-GAAP [1]	**GAAP**	Stock-based Compensation Expense	Other Special Items [3]	Non-GAAP [1]	% Change Non-GAAP Yr/Yr
Revenue									
Recurring	**$ 1,419**	$ -	$ -	$ 1,419	**$ 1,464**	$ -	$ -	$ 1,464	-3%
Perpetual software licenses and hardware	**65**	-	-	65	**77**	-	-	77	-16%
Consulting services	**311**	-	-	311	**376**	-	-	376	-17%
Total revenue	**1,795**	**-**	-	1,795	**1,917**	**-**	-	1,917	-6%
Gross profit									
Recurring	**1,022**	(9)	(6)	1,037	**1,099**	(12)	(6)	1,117	-7%
% of Revenue	**72.0%**			73.1%	**75.1%**			76.3%	
Perpetual software licenses and hardware	**18**		(1)	19	**34**	-	-	34	-44%
% of Revenue	**27.7%**			29.2%	**44.2%**			44.2%	
Consulting services	**41**	(7)	(1)	49	**53**	(6)	(5)	64	-23%
% of Revenue	**13.2%**			15.8%	**14.1%**			17.0%	
Total gross profit	**1,081**	(16)	(8)	1,105	**1,186**	(18)	(11)	1,215	-9%
% of Revenue	**60.2%**			61.6%	**61.9%**			63.4%	
Selling, general and administrative expenses	**650**	80	25	545	**646**	67	34	545	0%
Research and development expenses	**313**	30	9	274	**309**	27	5	277	-1%
Total expenses	**963**	110	34	819	**955**	94	39	822	0%
% of Revenue	**53.6%**			45.6%	**49.8%**			42.9%	
Income from operations	**118**	(126)	(42)	286	**231**	(112)	(50)	393	-27%
% of Revenue	**6.6%**			15.9%	**12.1%**			20.5%	
Other expense, net	**(51)**	-		(51)	**(39)**	-	1	(40)	
Income before income taxes	**67**	(126)	(42)	235	**192**	(112)	(49)	353	-33%
Income tax expense	**34**	(23)	(4)	61	**45**	(19)	(15)	79	
% Tax rate	**50.7%**			26.0%	**23.4%**			22.4%	
Net income	**$ 33**	$ (103)	$ (38)	$ 174	**$ 147**	$ (93)	$ (34)	$ 274	-36%
% of Revenue	**1.8%**			9.7%	**7.7%**			14.3%	
Net income per common share									
Basic	**$ 0.32**	$ (1.00)	$ (0.37)	$ 1.69	**$ 1.35**	$ (0.86)	$ (0.31)	$ 2.52	-33%
Diluted	**$ 0.31**	$ (0.97)	$ (0.36)	$ 1.64	**$ 1.30**	$ (0.82)	$ (0.31)	$ 2.43	-32%
Weighted average common shares outstanding									
Basic	**103.2**			103.2	**108.6**			108.6	
Diluted	**105.8**			105.8	**112.9**			112.9	

1) While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measures may be used to reflect operational performance and to determine the effectiveness of its business management. Certain special items may be segregated from our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the Company. Non-GAAP measures should not be used as a substitute for, or superior to, the Company's reported GAAP results.

2) Special items for the twelve months ended December 31, 2022 include $2 million ($2 million after-tax) for amortization of acquired intangible assets, and $40 million ($36 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.

3) Special items for the twelve months ended December 31, 2021 include $4 million ($4 million after-tax) for amortization of acquired intangible assets, $19 million ($13 million after-tax) for integration and transformation activities, and $26 million ($19 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018 and $2 million tax impact for CARES Act true up.

Teradata calculates free cash flow, a non-GAAP financial measure, as follows:

	Three Months Ended December 31		Twelve Months Ended December 31	
	2022	2021	2022	2021
Net income (GAAP)	$ (7)	$ 33	$ 33	$ 147
Net cash provided by operating activities (GAAP)	**$ 129**	**$ 95**	**$ 419**	**$ 463**
Less capital expenditures for:				
Expenditures for property and equipment	(8)	(9)	(14)	(28)
Additions to capitalized software	(1)	(1)	(2)	(3)
Free Cash Flow (non-GAAP measure) [1]	**$ 120**	**$ 85**	**$ 403**	**$ 432**

Note 1: Free cash flow does not have a uniform definition under generally accepted accounting principles in the United States (GAAP) and therefore, Teradata's definition may differ from other companies' definitions of this measure. Teradata's management uses free cash flow to assess the financial performance of the Company and believes it is useful for investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for among other things, investments in the company's existing businesses, strategic acquisitions, strengthening the Company's balance sheet, repurchase of Company stock and repay the Company's debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other non-discretionary expenditures that are not deducted from the measure. This non-GAAP measure should not be considered as a substitute for, or superior to, cash flows from operating activities under GAAP.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended September 30

	2022				2021				
	GAAP	Stock-based Compensation Expense	Other Special Items [2]	Non-GAAP [1]	**GAAP**	Stock-based Compensation Expense	Other Special Items [3]	Non-GAAP [1]	% Change Non-GAAP Yr/Yr
Revenue									
Recurring	**$ 331**	$ -	$ -	$ 331	**$ 352**	$ -	$ -	$ 352	-6%
Perpetual software licenses, hardware and other	**14**	-	-	14	**18**	-	-	18	-22%
Consulting services	**72**	-	-	72	**90**	-	-	90	-20%
Total revenue	**417**	-	-	417	**460**	-	-	460	-9%
Gross profit									
Recurring	**239**	(2)	-	241	**257**	(3)	(2)	262	-8%
% of Revenue	**72.2%**			72.8%	**73.0%**			74.4%	
Perpetual software licenses, hardware and other	**4**	-	-	4	**7**	-	-	7	-43%
% of Revenue	**28.6%**			28.6%	**38.9%**			38.9%	
Consulting services	**16**	(1)	1	16	**11**	(1)	(1)	13	23%
% of Revenue	**22.2%**			22.2%	**12.2%**			14.4%	
Total gross profit	**259**	(3)	1	261	**275**	(4)	(3)	282	-7%
% of Revenue	**62.1%**			62.6%	**59.8%**			61.3%	
Selling, general and administrative expenses	**155**	16	4	135	**166**	17	10	139	-3%
Research and development expenses	**79**	8	(1)	72	**79**	6	1	72	0%
Total expenses	**234**	24	3	207	**245**	23	11	211	-2%
% of Revenue	**56.1%**			49.6%	**53.3%**			45.9%	
Income from operations	**25**	(27)	(2)	54	**30**	(27)	(14)	71	-24%
% of Revenue	**6.0%**			12.9%	**6.5%**			15.4%	
Other expense, net	**(15)**	-	-	(15)	**(11)**	-	-	(11)	
Income before income taxes	**10**	(27)	(2)	39	**19**	(27)	(14)	60	-35%
Income tax expense	**2**	(4)	(1)	7	**2**	(4)	(5)	11	
% Tax rate	**20.0%**			17.9%	**10.5%**			18.3%	
Net income	**$ 8**	$ (23)	$ (1)	$ 32	**$ 17**	$ (23)	$ (9)	$ 49	-35%
% of Revenue	**1.9%**			7.7%	**3.7%**			10.7%	
Net income per common share									
Basic	**$ 0.08**	$ (0.22)	$ (0.01)	$ 0.31	**$ 0.16**	$ (0.21)	$ (0.08)	$ 0.45	-31%
Diluted	**$ 0.08**	$ (0.22)	$ (0.01)	$ 0.31	**$ 0.15**	$ (0.20)	$ (0.08)	$ 0.43	-29%
Weighted average common shares outstanding									
Basic	**102.7**			102.7	**108.9**			108.9	
Diluted	**104.7**			104.7	**113.4**			113.4	

1) While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measures may be used to reflect operational performance and to determine the effectiveness of its business management. Certain special items may be segregated from our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the Company. Non-GAAP measures should not be used as a substitute for, or superior to, the Company's reported GAAP results.
2) Special items for the three months ended September 30, 2022 include $2 million ($1 million after-tax) for reorganization and transformation activities
3) Special items for the three months ended September 30, 2021 include $1 million ($1 million after-tax) for amortization of acquired intangible assets, $4 million ($3 million after-tax) for integration and transformation activities, and $9 million ($7 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018 and $2 million tax impact for CARES Act true up.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Nine Months Ended September 30

	2022				2021				
	GAAP	Stock-based Compensation Expense	Other Special Items [2]	Non-GAAP [1]	**GAAP**	Stock-based Compensation Expense	Other Special Items [3]	Non-GAAP [1]	% Change Non-GAAP Yr/Yr
Revenue									
Recurring	**$ 1,062**	$ -	$ -	$ 1,062	**$ 1,100**	$ -	$ -	$ 1,100	-3%
Perpetual software licenses and hardware	**48**	-	-	48	**58**	-	-	58	-17%
Consulting services	**233**	-	-	233	**284**	-	-	284	-18%
Total revenue	**1,343**	**-**	-	1,343	**1,442**	**-**	-	1,442	-7%
Gross profit									
Recurring	**769**	(7)	(6)	782	**828**	(8)	(6)	842	-7%
% of Revenue	**72.4%**			73.6%	**75.3%**			76.5%	
Perpetual software licenses and hardware	**14**	-	-	14	**25**	-	-	25	-44%
% of Revenue	**29.2%**			29.2%	**43.1%**			43.1%	
Consulting services	**35**	(5)	-	40	**39**	(4)	(5)	48	-17%
% of Revenue	**15.0%**			17.2%	**13.7%**			16.9%	
Total gross profit	**818**	(12)	(6)	836	**892**	(12)	(11)	915	-9%
% of Revenue	**60.9%**			62.2%	**61.9%**			63.5%	
Selling, general and administrative expenses	**475**	56	19	400	**476**	47	28	401	0%
Research and development expenses	**236**	22	2	212	**235**	20	4	211	0%
Total expenses	**711**	78	21	612	**711**	67	32	612	0%
% of Revenue	**52.9%**			45.6%	**49.3%**			42.4%	
Income from operations	**107**	(90)	(27)	224	**181**	(79)	(43)	303	-26%
% of Revenue	**8.0%**			16.7%	**12.6%**			21.0%	
Other expense, net	**(42)**	-	-	(42)	**(31)**	-	-	(31)	
Income before income taxes	**65**	(90)	(27)	182	**150**	(79)	(43)	272	-33%
Income tax expense	**25**	(19)	-	44	**36**	(14)	(12)	62	
% Tax rate	**38.5%**			24.2%	**24.0%**			22.8%	
Net income	**$ 40**	$ (71)	$ (27)	$ 138	**$ 114**	$ (65)	$ (31)	$ 210	-34%
% of Revenue	**3.0%**			10.3%	**7.9%**			14.6%	
Net income per common share									
Basic	**$ 0.39**	$ (0.68)	$ (0.26)	$ 1.33	**$ 1.05**	$ (0.60)	$ (0.28)	$ 1.93	-31%
Diluted	**$ 0.38**	$ (0.67)	$ (0.25)	$ 1.30	**$ 1.01**	$ (0.57)	$ (0.27)	$ 1.86	-30%
Weighted average common shares outstanding									
Basic	**103.7**			103.7	**108.9**			108.9	
Diluted	**106.4**			106.4	**113.1**			113.1	

1) While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measures may be used to reflect operational performance and to determine the effectiveness of its business management. Certain special items may be segregated from our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the Company. Non-GAAP measures should not be used as a substitute for, or superior to, the Company's reported GAAP results.

2) Special items for the nine months ended September 30, 2022 include $2 million ($2 million after-tax) for amortization of acquired intangible assets, and $25 million ($25 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.

3) Special items for the nine months ended September 30, 2021 include $3 million ($3 million after-tax) for amortization of acquired intangible assets, $17 million ($12 million after-tax) for integration and transformation activities, and $23 million ($18 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018 and $2 million tax impact for CARES Act true up.

Teradata calculates free cash flow, a non-GAAP financial measure, as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net income (GAAP)	$ 8	$ 17	$ 40	$ 114
Net cash provided by operating activities (GAAP)	**$ 34**	**$ 33**	**$ 290**	**$ 368**
Less capital expenditures for:				
Expenditures for property and equipment	(3)	(10)	(6)	(19)
Additions to capitalized software	-	-	(1)	(2)
Free Cash Flow (non-GAAP measure) [1]	**$ 31**	**$ 23**	**$ 283**	**$ 347**

Note 1: Free cash flow does not have a uniform definition under generally accepted accounting principles in the United States (GAAP) and therefore, Teradata's definition may differ from other companies' definitions of this measure. Teradata's management uses free cash flow to assess the financial performance of the Company and believes it is useful for investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for among other things, investments in the company's existing businesses, strategic acquisitions, strengthening the Company's balance sheet, repurchase of Company stock and repay the Company's debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other non-discretionary expenditures that are not deducted from the measure. This non-GAAP measure should not be considered as a substitute for, or superior to, cash flows from operating activities under GAAP.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended June 30

	2022				2021				
	GAAP	Equity Compensation Expense	Other Special Items [2]	Non-GAAP [1]	**GAAP**	Equity Compensation Expense	Other Special Items [3]	Non-GAAP [1]	% Change Non-GAAP Yr/Yr
Revenue									
Recurring	**$ 345**	$ -	$ -	$ 345	**$ 376**	$ -	$ -	$ 376	-8%
Perpetual software licenses, hardware and other	**8**	-	-	8	**17**	-	-	17	-53%
Consulting services	**77**	-	-	77	**98**	-	-	98	-21%
Total revenue	**430**	**-**	-	430	**491**	**-**	-	491	-12%
Gross profit									
Recurring	**249**	(2)	-	251	**289**	(3)	(2)	294	-15%
% of Revenue	**72.2%**			72.8%	**76.9%**			78.2%	
Perpetual software licenses, hardware and other	**2**	-	1	1	**6**	-	-	6	-83%
% of Revenue	**25.0%**			12.5%	**35.3%**			35.3%	
Consulting services	**7**	(2)	(2)	11	**15**	(2)	(1)	18	-39%
% of Revenue	**9.1%**			14.3%	**15.3%**			18.4%	
Total gross profit	**258**	(4)	(1)	263	**310**	(5)	(3)	318	-17%
% of Revenue	**60.0%**			61.2%	**63.1%**			64.8%	
Selling, general and administrative expenses	**163**	21	6	136	**161**	18	11	132	3%
Research and development expenses	**81**	7	2	72	**79**	8	2	69	4%
Total expenses	**244**	28	8	208	**240**	26	13	201	3%
% of Revenue	**56.7%**			48.4%	**48.9%**			40.9%	
Income from operations	**14**	(32)	(9)	55	**70**	(31)	(16)	117	-53%
% of Revenue	**3.3%**			12.8%	**14.3%**			23.8%	
Other expense, net	**(14)**	-	-	(14)	**(11)**	-	-	(11)	
Income before income taxes	**-**	(32)	(9)	41	**59**	(31)	(16)	106	-61%
Income tax expense	**4**	(5)	3	6	**15**	(4)	(4)	23	
% Tax rate	**972.0%**			14.6%	**25.4%**			21.7%	
Net (loss) income	**$ (4)**	$ (27)	$ (12)	$ 35	**$ 44**	$ (27)	$ (12)	$ 83	-58%
% of Revenue	**(0.9%)**			8.1%	**9.0%**			16.9%	
Net (loss) income per common share									
Basic	**$ (0.04)**	$ (0.26)	$ (0.12)	$ 0.34	**$ 0.40**	$ (0.25)	$ (0.11)	$ 0.76	-56%
Diluted	**$ (0.04)**	$ (0.26)	$ (0.11)	$ 0.33	**$ 0.39**	$ (0.24)	$ (0.11)	$ 0.74	-55%
Weighted average common shares outstanding									
Basic	**103.5**			103.5	**109.0**			109.0	
Diluted	**103.5**			105.6	**112.7**			112.7	

1) While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measures may be used to reflect operational performance and to determine the effectiveness of its business management. Certain special items may be segregated from our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the company. Non-GAAP measures should not be used as a substitute for, or superior to, the company's reported GAAP results.
2) Special items for the three months ended June 30, 2022 include $1 million ($1 million after-tax) for amortization of acquired intangible assets, and $8 million ($11 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.
3) Special items for the three months ended June 30, 2021 include $1 million ($1 million after-tax) for amortization of acquired intangible assets, $9 million ($6 million after-tax) for integration and transformation activities, and $6 million ($5 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Six Months Ended June 30

	2022				2021				
	GAAP	Equity Compensation Expense	Other Special Items [2]	Non-GAAP [1]	**GAAP**	Equity Compensation Expense	Other Special Items [3]	Non-GAAP [1]	% Change Non-GAAP Yr/Yr
Revenue									
Recurring	**$ 731**	$ -	$ -	$ 731	**$ 748**	$ -	$ -	$ 748	-2%
Perpetual software licenses and hardware	**34**	-	-	34	**40**	-	-	40	-15%
Consulting services	**161**	-	-	161	**194**	-	-	194	-17%
Total revenue	**926**	-	-	926	**982**	-	-	982	-6%
Gross profit									
Recurring	**530**	(5)	(6)	541	**571**	(5)	(4)	580	-7%
% of Revenue	**72.5%**			74.0%	**76.3%**			77.5%	
Perpetual software licenses and hardware	**10**	-	-	10	**18**	-	-	18	-44%
% of Revenue	**29.4%**			29.4%	**45.0%**			45.0%	
Consulting services	**19**	(4)	(1)	24	**28**	(3)	(4)	35	-31%
% of Revenue	**11.8%**			14.9%	**14.4%**			18.0%	
Total gross profit	**559**	(9)	(7)	575	**617**	(8)	(8)	633	-9%
% of Revenue	**60.4%**			62.1%	**62.8%**			64.5%	
Selling, general and administrative expenses	**320**	40	15	265	**310**	30	18	262	1%
Research and development expenses	**157**	14	3	140	**156**	14	3	139	1%
Total expenses	**477**	54	18	405	**466**	44	21	401	1%
% of Revenue	**51.5%**			43.7%	**47.5%**			40.8%	
Income from operations	**82**	(63)	(25)	170	**151**	(52)	(29)	232	-27%
% of Revenue	**8.9%**			18.4%	**15.4%**			23.6%	
Other expense, net	**(27)**	-	-	(27)	**(20)**	-	-	(20)	
Income (loss) before income taxes	**55**	(63)	(25)	143	**131**	(52)	(29)	212	-33%
Income tax expense	**23**	(15)	1	37	**34**	(10)	(7)	51	
% Tax rate	**41.8%**			25.9%	**26.0%**			24.1%	
Net income	**$ 32**	$ (48)	$ (26)	$ 106	**$ 97**	$ (42)	$ (22)	$ 161	-34%
% of Revenue	**3.5%**			11.4%	**9.9%**			16.4%	
Net income per common share									
Basic	**$ 0.31**	$ (0.46)	$ (0.25)	$ 1.02	**$ 0.89**	$ (0.39)	$ (0.20)	$ 1.48	-31%
Diluted	**$ 0.30**	$ (0.45)	$ (0.24)	$ 0.99	**$ 0.86**	$ (0.37)	$ (0.20)	$ 1.43	-31%
Weighted average common shares outstanding									
Basic	**104.2**			104.2	**108.9**			108.9	
Diluted	**107.1**			107.1	**112.7**			112.7	

1) While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measures may be used to reflect operational performance and to determine the effectiveness of its business management. Certain special items may be segregated from our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the company. Non-GAAP measures should not be used as a substitute for, or superior to, the company's reported GAAP results.

2) Special items for the six months ended June 30, 2022 include $2 million ($2 million after-tax) for amortization of acquired intangible assets, and $23 million ($24 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia, which includes a tax benefit associated with the write-off of Russian tax attributes.

3) Special items for the six months ended June 30, 2021 include $2 million ($2 million after-tax) for amortization of acquired intangible assets, $13 million ($9 million after-tax) for integration and transformation activities, and $14 million ($11 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

Teradata calculates free cash flow, a non-GAAP financial measure, as follows:

	Three Months Ended March 31		Six Months Ended June 30	
	2022	2021	2022	2021
Net income (GAAP)	$ (4)	$ 44	$ 32	$ 97
Net cash provided by operating activities (GAAP)	**$ 105**	**$ 225**	**$ 256**	**$ 335**
Less capital expenditures for:				
Expenditures for property and equipment	(2)	(5)	(3)	(9)
Additions to capitalized software	(1)	(1)	(1)	(2)
Free Cash Flow (non-GAAP measure) [1]	**$ 102**	**$ 219**	**$ 252**	**$ 324**

Note 1: Free cash flow does not have a uniform definition under generally accepted accounting principles in the United States (GAAP) and therefore, Teradata's definition may differ from other companies' definitions of this measure. Teradata's management uses free cash flow to assess the financial performance of the company and believes it is useful for investors because it relates the operating cash flow of the company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for among other things, investments in the company's existing businesses, strategic acquisitions, strengthening the company's balance sheet, repurchase of company stock and repay the company's debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other non-discretionary expenditures that are not deducted from the measure. This non-GAAP measure should not be considered as a substitute for, or superior to, cash flows from operating activities under GAAP.

TERADATA CORPORATION
RECONCILIATION OF RESULTS - GAAP TO NON-GAAP
Reflects the Impact of Special Items
(in millions, except per share amounts - unaudited)
For the Three Months Ended March 31

	2022				2021				
	GAAP	Equity Compensation Expense	Other Special Items [2]	Non-GAAP [1]	**GAAP**	Equity Compensation Expense	Other Special Items [3]	Non-GAAP [1]	% Change Non-GAAP Yr/Yr
Revenue									
Recurring	**$ 386**	$ -	$ -	$ 386	**$ 372**	$ -	$ -	$ 372	4%
Perpetual software licenses, hardware and other	**26**	-	-	26	**23**	-	-	23	13%
Consulting services	**84**	-	-	84	**96**	-	-	96	-13%
Total revenue	**496**	**-**	-	496	**491**	**-**	-	491	1%
Gross profit									
Recurring	**281**	(3)	(6)	290	**282**	(2)	(2)	286	1%
% of Revenue	**72.8%**			75.1%	**75.8%**			76.9%	
Perpetual software licenses, hardware and other	**8**	-	(1)	9	**12**	-	-	12	-25%
% of Revenue	**30.8%**			34.6%	**52.2%**			52.2%	
Consulting services	**12**	(2)	1	13	**13**	(1)	(3)	17	-24%
% of Revenue	**14.3%**			15.5%	**13.5%**			17.7%	
Total gross profit	**301**	(5)	(6)	312	**307**	(3)	(5)	315	-1%
% of Revenue	**60.7%**			62.9%	**62.5%**			64.2%	
Selling, general and administrative expenses	**157**	19	9	129	**149**	12	7	130	-1%
Research and development expenses	**76**	7	1	68	**77**	6	1	70	-3%
Total expenses	**233**	26	10	197	**226**	18	8	200	-2%
% of Revenue	**47.0%**			39.7%	**46.0%**			40.7%	
Income from operations	**68**	(31)	(16)	115	**81**	(21)	(13)	115	0%
% of Revenue	**13.7%**			23.2%	**16.5%**			23.4%	
Other expense, net	**(13)**	-	-	(13)	**(9)**	-	-	(9)	
Income before income taxes	**55**	(31)	(16)	102	**72**	(21)	(13)	106	-4%
Income tax expense (benefit)	**19**	(10)	(2)	31	**19**	(6)	(3)	28	
% Tax rate	**34.5%**			30.4%	**26.4%**			26.4%	
Net income	**$ 36**	$ (21)	$ (14)	$ 71	**$ 53**	$ (15)	$ (10)	$ 78	-9%
% of Revenue	**7.3%**			14.3%	**10.8%**			15.9%	
Net income per common share									
Basic	**$ 0.34**	$ (0.20)	$ (0.13)	$ 0.68	**$ 0.49**	$ (0.14)	$ (0.09)	$ 0.72	-6%
Diluted	**$ 0.33**	$ (0.19)	$ (0.13)	$ 0.65	**$ 0.47**	$ (0.13)	$ (0.09)	$ 0.69	-5%
Weighted average common shares outstanding									
Basic	**105.0**			105.0	**108.7**			108.7	
Diluted	**108.6**			108.6	**112.8**			112.8	

1) While Teradata reports its results using generally accepted accounting principles in the U.S. (GAAP), certain non-GAAP financial measures may be used to reflect operational performance and to determine the effectiveness of its business management. Certain special items may be segregated from our GAAP results from time-to-time to reflect the on-going Earnings Per Share performance of the company. Non-GAAP measures should not be used as a substitute for, or superior to, the company's reported GAAP results.
2) Special items for the three months ended March 31, 2022 include $1 million ($1 million after-tax) for amortization of acquired intangible assets, and $15 million ($13 million after-tax) for reorganization and transformation activities, and costs associated with ceasing operations in Russia.
3) Special items for the three months ended March 31, 2021 include $1 million ($1 million after-tax) for amortization of acquired intangible assets, $4 million ($3 million after-tax) for integration and transformation activities, and $8 million ($6 million after-tax) for legal fees associated with the lawsuit that we initiated in the second quarter of 2018.

Teradata calculates free cash flow, a non-GAAP financial measure, as follows:

	Three Months Ended March 31	
	2022	2021
Net income (GAAP)	$ 36	$ 53
Net cash provided by operating activities (GAAP)	**$ 151**	**$ 110**
Less capital expenditures for:		
Expenditures for property and equipment	(1)	(4)
Additions to capitalized software	-	(1)
Free Cash Flow (non-GAAP measure) [1]	**$ 150**	**$ 105**

Note 1: Free cash flow does not have a uniform definition under generally accepted accounting principles in the United States (GAAP) and therefore, Teradata's definition may differ from other companies' definitions of this measure. Teradata's management uses free cash flow to assess the financial performance of the company and believes it is useful for investors because it relates the operating cash flow of the company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures which can be used for among other things, investments in the company's existing businesses, strategic acquisitions, strengthening the company's balance sheet, repurchase of company stock and repay the company's debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other non-discretionary expenditures that are not deducted from the measure. This non-GAAP measure should not be considered as a substitute for, or superior to, cash flows from operating activities under GAAP.